

AMENDED IN SENATE APRIL 30, 2012

AMENDED IN SENATE MARCH 29, 2012

SENATE BILL

No. 1156

Introduced by Senator Steinberg

February 22, 2012

An act to add Part 1.86 (commencing with Section 34191.1) to Division 24 of the Health and Safety Code, and to amend Section 21094.5 of the Public Resources Code, relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

SB 1156, as amended, Steinberg. Community Development and Housing Joint Powers Authority.

The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities to address the effects of blight, as defined. Existing law dissolved redevelopment agencies and community development agencies, as of February 1, 2012, and provides for the designation of successor agencies. Existing law requires that the successor agency, among other things, wind down the affairs of the former redevelopment agency and dispose of assets and properties of the former redevelopment agency, as directed by an oversight board.

Existing law provides for various economic development programs that foster community sustainability and community and economic development initiatives throughout the state.

This bill would authorize the legislative body of the city and county representing the geographic territory covering the area served by a former redevelopment agency to elect to form a Community Development and Housing Joint Powers Authority (authority) after July 1, 2012, and to carry out the provisions of the Community

Redevelopment Law. The bill would authorize the authority to adopt a redevelopment plan for a project area covering specified areas and sites and to include a provision in the plan to provide for tax increment financing, provided that certain mitigation and land use plans have been adopted. The bill would retain the Low and Moderate Income Housing Fund of a former redevelopment agency in another fund and authorize the authority to enter into agreements to facilitate articulated career technical education pathways.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Part 1.86 (commencing with Section 34191.1) is
2 added to Division 24 of the Health and Safety Code, to read:

3
4 PART 1.86. ECONOMIC DEVELOPMENT AND HOUSING
5 PROGRAM

6
7 CHAPTER 1. GENERAL PROVISIONS

8
9 34191.1. (a) The Legislature finds and declares that better
10 economic development patterns in California can contribute to
11 greater economic growth by reducing commuter times for
12 employees, reducing the costs of public infrastructure, and reducing
13 energy consumption. Better development patterns may also result
14 in increased options in the type of housing available, more
15 affordable housing, and a reduction in a household's combined
16 housing and transportation costs.

17 (b) The construction industry has been one of the sectors hardest
18 hit by the economic downturn of recent years. Creating incentives
19 for construction can help restore construction jobs, which are
20 essential for a restoration of prosperity.

21 (c) Economic development patterns can also help California
22 attain some of its long-term strategic environmental objectives
23 including reduced air pollution, greater water conservation, reduced
24 energy consumption, and increased farmland and habitat
25 preservation.

26 (d) Implementation of the growth plans identified by the
27 metropolitan planning organizations in their sustainable

1 communities strategies, and in particular the development of areas
2 identified for transit priority projects, is essential if California is
3 to achieve the multiple benefits that would result from economic
4 development.

5 (e) In addition to the economic problems of the current
6 recession, development of transit priority projects remains
7 challenging. Infrastructure is often old and inadequate. Sites may
8 suffer from contamination that is expensive to remediate. The high
9 construction costs in urban areas, particularly for multifamily
10 dwellings, create an additional challenge. For these reasons, it is
11 critical to restructure and refocus redevelopment in California to
12 assist in achievement of these multiple benefits.

13 (f) At the same time, California cannot afford a redevelopment
14 program that causes schools to lose revenue at a time when
15 investing in education is also key to the state's economic
16 prosperity. A growth plan for the state consistent with regional
17 sustainable communities strategies must also provide that schools
18 are able to play their full role in achieving the future of California.

19 (g) The elimination of redevelopment agencies has resulted in
20 the loss of approximately—~~\$1 billion~~ *one billion dollars*
21 *(\$1,000,000,000)* annually in low- and moderate-income housing
22 funds for communities throughout the state. Communities need
23 alternative, permanent sources of revenue to support the continued
24 production of affordable housing units.

25 (h) The Legislature finds that a comprehensive strategy for the
26 long-term economic development of the state must encourage the
27 creation of workforce skills needed to attract and retain a high-wage
28 workforce, in addition to public infrastructure requirements. Public
29 investments in human capital are as vital to the long-term growth
30 of the state's economy as investments in physical capital.

31 34191.2. For purposes of this part, “authority” or “Community
32 Development and Housing Joint Powers Authority” means the
33 joint exercise of powers agency formed under Chapter 5
34 (commencing with Section 6500) of Division 7 of Title 1 of the
35 Government Code.

36
37 CHAPTER 2. COMMUNITY DEVELOPMENT AND HOUSING JOINT
38 POWERS AUTHORITY
39

1 34191.10. (a) The legislative ~~body~~ *bodies* of the city and
2 county representing the geographic territory covering the area
3 served by a former redevelopment agency may elect to form a
4 Community Development and Housing Joint Powers Authority
5 pursuant to this part after July 1, 2012, to carry out ~~the provisions~~
6 ~~of~~ the Community Redevelopment Law (Part 1.8 (commencing
7 with Section 33000)). If the former redevelopment agency was
8 formed solely by a county, the county may exercise the powers
9 authorized by this part.

10 (b) The authority may enter into financial and other agreements
11 with community colleges, K-12 school districts, and private
12 businesses to facilitate the development and operation of articulated
13 career technical education pathways, as specified in Section 88532
14 of the Education Code.

15
16 CHAPTER 3. FINANCING
17

18 34191.15. An authority formed pursuant to this part may adopt
19 a redevelopment plan for a project area pursuant to this section.
20 Notwithstanding any other provision of this division, a
21 determination shall not be required to be made regarding blight
22 within the project area, and an action shall not be required to be
23 taken for the elimination of blight in connection with the creation
24 of a redevelopment plan for a project area. The redevelopment
25 plan shall terminate on a specified date not to exceed 30 years
26 from the date of the first issuance of bond indebtedness by the
27 ~~agency~~ *authority*. A project area shall include only the following
28 areas:

29 (a) For areas within the geographic boundaries of a metropolitan
30 planning organization where a sustainable communities strategy
31 has been adopted by the metropolitan planning organization, and
32 the State Air Resources Board, pursuant to subparagraph (H) of
33 paragraph (2) of subdivision (b) of Section 65080 of the
34 Government Code, has accepted the metropolitan planning
35 organization's determination that the sustainable communities
36 strategy would, if implemented, achieve the greenhouse gas
37 emission reduction targets:

38 (1) Transit priority areas where a transit priority project, as
39 defined in Section 21155 of the Public Resources Code, may be
40 constructed, provided that if the project area is based on proximity

1 to a planned major transit stop or a high-quality transit corridor,
2 the stop or the corridor must be scheduled to be completed within
3 the planning horizon established by Section 450.322 of Title 23
4 of the Code of Federal Regulations. For purposes of this paragraph,
5 a transit priority area may include a military base reuse plan that
6 meets the definition of a transit priority area and a contaminated
7 site within a transit priority area.

8 (2) Areas that are small walkable communities, as defined in
9 paragraph (4) of subdivision (e) of Section 21094.5 of the Public
10 Resources Code. No more than one small walkable community
11 project area shall be designated within a city.

12 (b) Sites that have land use approvals, covenants, conditions
13 and restrictions, or other effective controls restricting the sites to
14 clean energy manufacturing, and sites that are consistent with the
15 sustainable communities strategy, if those sites are within the
16 geographic boundaries of a metropolitan planning organization.
17 Clean energy manufacturing consists of the manufacture of
18 components, parts, or materials for the generation of renewable
19 energy resources or for alternative fuel vehicles.

20 34191.16. Solely for purposes of Section 16 of Article XVI of
21 the California Constitution, a redevelopment plan adopted pursuant
22 to Section ~~34191.14~~ 34191.15 may include a provision for the
23 receipt of tax increment funds according to Section 33670, provided
24 that the local government with land use jurisdiction has adopted
25 all of the following:

26 (a) A school mitigation plan to offset losses of property tax
27 revenue to schools serving the project area as a result of the
28 imposition of a provision for the receipt of tax increment funds.
29 The plan may include assessment districts, provisions of covenants,
30 conditions and restrictions, or other mechanisms. Except as
31 otherwise specified, the plan shall be approved by the fiscally
32 affected school districts. If the plan is not approved by the school
33 districts, it may be submitted by the authority established under
34 this part to the Department of Finance for approval. The department
35 shall approve the plan if there is no impact on the state budget
36 because of the provisions of subdivision (b) of Section 8 of Article
37 XVI of the California Constitution or if the impacts on the state
38 budget are not unacceptable.

39 (b) An analysis of the public service costs and
40 revenue-generating impact of new development with respect to

1 the provision of basic public services, including police, fire, and
2 rescue services. The plan shall include a strategy for mitigating
3 unfunded service impacts.

4 (c) A sustainable parking standards ordinance that restricts
5 parking in transit priority project areas.

6 (d) A provision requiring that 20 percent of the housing in the
7 project area be affordable to persons of low and moderate income.

8 (e) For transit priority areas and small walkable communities
9 within a metropolitan planning organization, a plan consistent with
10 the use designation, density, building intensity, and applicable
11 policies specified for the project area in the sustainable
12 communities strategy and that, for new residential construction,
13 provides a density of at least 20 dwelling units per net acre and
14 for nonresidential uses, provides a minimum floor area ratio of
15 0.75.

16 (f) Within small walkable communities outside a metropolitan
17 planning organization, a plan for new residential construction that
18 provides a density of at least 20 dwelling units per *net* acre and,
19 for nonresidential uses, provides a minimum floor area ratio of
20 0.75.

21 (g) For areas referred to in subdivision (e), the authority shall
22 obtain the metropolitan planning organization's concurrence that
23 the plan is consistent with the use designation, density, building
24 intensity, and applicable policies for the project area in the
25 sustainable communities strategy.

26 34191.17. The authority shall approve any bond financing
27 under this division.

28 34191.18. The Low and Moderate Income Fund shall be
29 retained in the Sustainable Economic Development and Housing
30 Trust Fund for uses authorized under Section 33334.2. If the funds
31 are not contracted for use within 60 months from the effective date
32 of this section, the balance shall be transferred to an agency
33 designated by the Governor for use as grants to the authority for
34 the provision of affordable housing to low- and moderate-income
35 households. Any funds expended by the authority for affordable
36 housing from any of the granted funds shall be credited against
37 the 20-percent set-aside requirement under Section 33334.2.

38 34191.19. A state or local public pension fund system
39 authorized by state law or local charter, respectively, including,
40 but not limited to, the Public Employees' Retirement System, the

1 State Teachers' Retirement System, a system established under
2 the County Employees Retirement Law of 1937, Chapter 3
3 (commencing with Section 31450) of Part 3 of Division 4 of Title
4 3 of the Government Code, or an independent system, may invest
5 capital in the public infrastructure projects and private commercial
6 and residential developments undertaken by an authority.

7 34191.20. (a) An authority may exercise the full powers
8 granted under Chapter 2.8 (commencing with Section 53395) of
9 Part 1 of Division 2 of Title 5 of the Government Code and the
10 Marks-Roos Local Bond Pooling Act of 1985 (Article 4
11 (commencing with Section 6584) of Chapter 5 of Division 7 of
12 Title 1 of the Government Code).

13 (b) An authority may implement a local transactions and use
14 tax under Part 1.6 (commencing with Section 7251) of Division 2
15 of the Revenue and Taxation Code, except that the resolution
16 authorizing the tax may designate the use of the ~~proceed~~ *proceeds*
17 of the tax.

18 (c) An authority may issue bonds paid for with authority
19 proceeds, which shall be deemed to be special funds to be expended
20 by the authority for the purposes of carrying out this part.

21 SEC. 2. Section 21094.5 of the Public Resources Code is
22 amended to read:

23 21094.5. (a) (1) If an environmental impact report was
24 certified for a planning level decision of a city or county, the
25 application of this division to the approval of an infill project shall
26 be limited to the effects on the environment that (A) are specific
27 to the project or to the project site and were not addressed as
28 significant effects in the prior environmental impact report or (B)
29 substantial new information shows the effects will be more
30 significant than described in the prior environmental impact report.
31 A lead agency's determination pursuant to this section shall be
32 supported by substantial evidence.

33 (2) An effect of a project upon the environment shall not be
34 considered a specific effect of the project or a significant effect
35 that was not considered significant in a prior environmental impact
36 report, or an effect that is more significant than was described in
37 the prior environmental impact report if uniformly applicable
38 development policies or standards adopted by the city, county, or
39 the lead agency, would apply to the project and the lead agency
40 makes a finding, based upon substantial evidence, that the

1 development policies or standards will substantially mitigate that
2 effect.

3 (b) If an infill project would result in significant effects that are
4 specific to the project or the project site, or if the significant effects
5 of the infill project were not addressed in the prior environmental
6 impact report, or are more significant than the effects addressed
7 in the prior environmental impact report, and if a mitigated negative
8 declaration or a sustainable communities environmental assessment
9 could not be otherwise adopted, an environmental impact report
10 prepared for the project analyzing those effects shall be limited as
11 follows:

12 (1) Alternative locations, densities, and building intensities to
13 the project need not be considered.

14 (2) Growth inducing impacts of the project need not be
15 considered.

16 (c) This section applies to an infill project that satisfies both of
17 the following:

18 (1) The project satisfies any of the following:

19 (A) Is consistent with the general use designation, density,
20 building intensity, and applicable policies specified for the project
21 area in either a sustainable communities strategy or an alternative
22 planning strategy for which the State Air Resources Board,
23 pursuant to subparagraph (H) of paragraph (2) of subdivision (b)
24 of Section 65080 of the Government Code, has accepted a
25 metropolitan planning organization's determination that the
26 sustainable communities strategy or the alternative planning
27 strategy would, if implemented, achieve the greenhouse gas
28 emission reduction targets.

29 (B) Consists of a small walkable community project located in
30 an area designated by a city for that purpose.

31 (C) Is located within the boundaries of a metropolitan planning
32 organization that has not yet adopted a sustainable communities
33 strategy or alternative planning strategy, and the project has a
34 residential density of at least 20 units per *net* acre or a floor area
35 ratio of at least 0.75.

36 (2) Satisfies all applicable statewide performance standards
37 contained in the guidelines adopted pursuant to Section 21094.5.5.

38 (d) This section applies after the Secretary of the Natural
39 Resources Agency adopts and certifies the guidelines establishing
40 statewide standards pursuant to Section 21094.5.5.

1 (e) For the purposes of this section, the following terms mean
2 the following:

3 (1) “Infill project” means a project that meets the following
4 conditions:

5 (A) Consists of any one, or combination, of the following uses:

6 (i) Residential.

7 (ii) Retail or commercial, where no more than one-half of the
8 project area is used for parking.

9 (iii) A transit station.

10 (iv) A school.

11 (v) A public office building.

12 (B) Is located within an urban area on a site that has been
13 previously developed, or on a vacant site where at least 75 percent
14 of the perimeter of the site adjoins, or is separated only by an
15 improved public right-of-way from, parcels that are developed
16 with qualified urban uses.

17 (2) “Planning level decision” means the enactment or
18 amendment of a general plan, community plan, specific plan, or
19 zoning code.

20 (3) “Prior environmental impact report” means the
21 environmental impact report certified for a planning level decision,
22 as supplemented by any subsequent or supplemental environmental
23 impact reports, negative declarations, or addenda to those
24 documents.

25 (4) “Small walkable community project” means a project that
26 is located in a small walkable community project area. A small
27 walkable community project area means an area within an
28 incorporated city that is not within the boundary of a metropolitan
29 planning organization and meets all the following requirements:

30 (A) Has a project area of approximately one-quarter-mile
31 diameter of contiguous land completely within the existing
32 incorporated boundaries of the city.

33 (B) Has a project area that includes a residential area adjacent
34 to a retail downtown area.

35 (C) The project area has an average net density of at least eight
36 dwelling units per *net* acre or a floor area ratio for retail or
37 commercial use of not less than 0.50. For purposes of this
38 subparagraph: (i) “Floor area ratio” means the ratio of gross
39 building area (GBA) of development, exclusive of structured
40 parking areas, proposed for the project divided by the total net lot

1 area (NLA); (ii) “gross building area” means the sum of all finished
2 areas of all floors of a building included within the outside faces
3 of its exterior walls; and (iii) “net lot area” means the area of a lot
4 excluding publicly dedicated land, private streets that meet local
5 standards, and other public use areas as determined by the local
6 land use authority.

7 (5) “Urban area” includes either an incorporated city or an
8 unincorporated area that is completely surrounded by one or more
9 incorporated cities that meets both of the following criteria:

10 (A) The population of the unincorporated area and the
11 population of the surrounding incorporated cities equal a population
12 of 100,000 or more.

13 (B) The population density of the unincorporated area is equal
14 to, or greater than, the population density of the surrounding cities.